

ESG View

November 2023

22 November 2023



Welcome to our November edition of ESG View!

Welcome to our November edition of ESG View! As we fast approach the finish line for 2023, [COP28](#) which begins in less than 10 days in Dubai, provides a perfect chance to end the year with a climat(e)ic win. Like any race worth running, the stakes are high. Which is why both companies and countries have highlighted the urgency for action with 131 companies, representing nearly \$1 trillion in global annual revenue, [calling for agreement](#) on the phase out of fossil fuels. This private sector push echoes the calls from countries that have formed the [High Ambition Coalition](#). This month also saw heated negotiations on the climate impact loss and damage fund, which is a critical part of the COP agenda.

Meanwhile the European Union faced its own special obstacle course with the [Corporate Sustainability Due Diligence Directive](#) (CSDDD) talks proving challenges particularly on the inclusion of financial services.

Perhaps negotiators may have more success in finding ways around tricky issues should they channel their inner Bruce Lee who said 'Be water, my friend'. That wisdom certainly appears to reap dividends in the blue economy: this month, Australia and Tuvalu entered the world's first [bilateral agreement](#) on climate mobility, Fiji issued its first [sovereign blue bond](#) and the UK declare support for a moratorium on deep-sea mining. Given our proactive focus to support the growth of a sustainable blue economy, this month Simmons & Simmons is partnering with IBM on a Blue Economy event to be held on 27 November. Join us by livestreaming the event [here](#).

For those of you keen to further explore the potential in the sustainability space this month Simmons & Simmons have published a new report - [A sustainability state of mind: unlocking growth and opportunity](#) – which is based on a global survey of 700 senior business executives and investors exploring where the opportunities lie, the barriers that stand in the way, and how they can be overcome. Happy reading!

This month's edition of ESG View holds a swell of regulatory developments from the EU, particularly on the nature front, guidance on sustainable fund labelling both in France and the UK, as well as updates from the MENA, APAC and Americas regions. Not to mention some gripping updates on disputes and live consultations to keep you engaged.

Best wishes,



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GLOBAL DEVELOPMENTS

1. PRI, GSIA and the CFA Institute jointly publish responsible investment terminology (asset management)

 **What:** On 1 November, the Global Sustainable Investment Alliance (GSIA), the CFA Institute and the UN Principles for Responsible Investment (PRI), jointly published a [new resource](#) aiming to [harmonise definitions for responsible investment approaches](#). The resource comes as a response to market and policymaker calls for greater standardisation on using responsible investment terminology accurately and consistently. The new definitions, outlined in detail in the report, cover five key areas: screening, ESG integration, thematic investing, stewardship, and impact investing.

2. NGFS published fourth version of climate macro-financial scenarios for central banks and supervisors (financial institutions)

 **What:** On 7 November, the Network for Greening the Financial System (NGFS) published the [fourth version](#) of its long-term climate macro-financial scenarios for forward-looking climate risks assessment, providing guidance on the use of these scenarios by central banks and supervisors.

 **Key details:** Key changes in the fourth version include the orderly scenarios now reflecting climate policy delays and the energy crisis following the conflict in Ukraine. In addition, the modelling of acute physical risks has been enhanced with the inclusion of two more hazards (droughts and heatwaves) and increased geographical granularity. Two new scenarios have been developed on the adverse consequences of delayed and divergent climate policy ambitions globally, and also exploring a Paris-aligned transition driven by substantial behavioural changes in which global warming is limited to 1.5 °C

 **Next steps:** Over 2024, the NGFS intends to publish two more updates to the phase IV scenarios, on improving sectoral disaggregation and enhancing the chronic physical risk damage function.

EUROPEAN DEVELOPMENTS

1. Agreement reached on the Critical Raw Materials Act (multi-sector)

 **What:** On 13 November, the European Parliament and Council reached a [provisional political agreement](#) on the Critical Raw Materials Act. It establishes a list of [34 critical raw materials](#) (including 17 strategic ones, with the addition of aluminium) and sets targets to increase the EU contribution of these substances (10% for the extraction; 40% for the processing and 15% for the recycling). The regulation aims to promote the moderation of consumption of critical materials whilst incentivising an increase in recycling and extraction in order to support the green transition.

To reach the goals outlined, the proposal calls for a quick and simplified permit procedure for strategic extracting projects, to be dealt by a single national contact point. It also calls for risk analysis of possible dependencies, member states' exploration plans, higher investment in research, innovation and skills; and protection of the environment by promoting the circularity and sustainability of raw materials.

 **Next steps:** The agreement needs to be endorsed and formally adopted by the EU Parliament and Council.

2. Agreement reached on the EU Nature Restoration Law and EU environmental crimes and sanctions rules (multi-sector)

 **What:** On 9 November, the European Parliament and Council reached a [provisional political agreement](#) on the EU Nature Restoration Law, which targets to restore at least 20% of the EU's land and sea areas by 2030 and all ecosystems in need of restoration by 2050. The targets set make significant progress towards the UN Convention on Biological Diversity ([COP15](#)) goals to effectively conserve at least 30% of global land and at least 30% of oceans. As outlined in our [July ESG View](#), agreement on the content of the regulation was highly contentious due to commercial interests of groups linked to agriculture and fishing sectors. This agreement marks a significant milestone for the protection of nature in the EU. The deal still has to be adopted by Parliament and Council, after which the new law will be published in the EU Official Journal and enter into force 20 days later.

As well as promising to restore nature, on 16 November, the EU Parliament and Council reached [agreement](#) on an update of EU environmental crimes and sanctions rules to strengthen ecosystem protection. The new rules provide an updated list of acts related to the environment that qualify as criminal offences at EU level and of the related sanctions, including:

- The import and use of mercury and fluorinated greenhouse gases;
- the import of invasive species;
- the illegal depletion of water resources; and
- pollution caused by ships.

The agreement also included stricter sanctions for offences “comparable to ecocide” with catastrophic results such as widespread pollution or large-scale forest fires. This development was previously covered in our [April ESG View](#).

3. ESMA report on climate related disclosures in financial statements (multi-sector)

 **What:** On 25 October, ESMA published a [report](#) on disclosures of climate-related matters in financial statements. On the same day it published its annual [Public Statement](#) setting out the European common enforcement priorities (ECEP) for the 2023 annual financial reports which should be read alongside the report.

 **Key details:** The report is intended to assist issuers to provide disclosures that are more robust and improve consistency in how climate-related matters are accounted for in financial statements prepared under international financial reporting standards (IFRS) by European non-financial corporate issuers. It details where climate-related matters are likely to have a higher impact and contains practical examples on how climate-related matters can be presented in IFRS financial statements.

 **Next steps:** ESMA expects issuers and auditors to consider the examples provided in the report when assessing and disclosing the extent climate-related matters impact the preparation and audit of IFRS financial statements.

4. European Commission publishes Taxonomy Regulation Notices (financial institutions)

 **What:** On 20 October, the EU Commission published frequently asked questions (FAQs) on technical screening criteria ([TSC Notice](#)) and sustainability disclosures under the Taxonomy Level 2 Delegated Acts ([Disclosure Notice](#)). Read more about both notices in our recent [insights article](#).

5. AFM position paper on improving SFDR (asset management)

 **What:** On 2 November, the Dutch Authority for the Financial Markets (AFM) released a [position paper](#) with proposed reforms to the EU Sustainable Finance Disclosure Regulation (SFDR). Some of the key recommendations of the paper include:

- To ensure a level playing field, require minimum adverse impact disclosures for all financial products, regardless of their sustainable characteristics.
- Remove the current “Article 8” and “Article 9” categories, to tackle their current misuse as proxy labels.
- Introduce sustainable product labels that investors can understand, such as “transition”, “sustainable” and “sustainable impact”, to ensure alignment with investor expectations and objectives as well as the actual sustainability profiles of investment products.
- Attach specific minimum quality and disclosure requirements tailored to each of these labels, to address greenwashing risks and make classification under one of these labels meaningful in market practice.
- Allow other products that do not meet the quality requirements for any of the sustainability labels to disclose their ESG credentials with reduced disclosure requirements. Such products, however, should not be allowed to claim adherence to a sustainability “label”.
- Amend rules for client advice (MiFID and IDD) in line with legislative changes to the SFDR so that intermediaries and investors can make effective use of SFDR disclosures to select a financial product that meets their clients’ sustainability preferences.

Further details can be found on our insights article [here](#).

6. French update Socially Responsible Investment (SRI) label (asset management)

 **What:** Created in 2016, the French SRI label was the first government label in France to enable the general public to choose savings vehicles whose management incorporates ESG principles. There are now 1,174 SRI-labelled funds, with total assets under management of €773 billion.

To strengthen the label, the SRI Label Committee submitted its proposals for new standards this summer after two public consultations. Based on these recommendations, on 6 November, the French Minister of the Economy and Finance, Bruno Le Maire, [decided to launch](#) a more ambitious version of the SRI label, making climate impact a key principle of the label. As a result, the eligibility of funds will exclude companies that exploit coal or non-conventional hydrocarbons, as well as those that launch new projects to explore, exploit or refine hydrocarbons (oil or gas). Furthermore, a transition plan aligned with the Paris Agreement will be required.

In addition to this climate principle, the SRI label will retain its generalist nature, with greater selectivity on other environmental, social, societal and governance criteria. In particular, asset management companies will have to ensure that they limit the negative impacts of their investments.

 **Next steps:** The new standards will be published by the end of November and will come into force on 1 March 2024. A new version of the SRI label dedicated to private equity is also expected for publication by the end of 2023, in accordance with the Green Industry Law.

UK DEVELOPMENTS

1. FCA publishes finding of its review of Guiding Principles for ESG/sustainable funds (asset management)

 **What:** FCA publishes finding of its review of Guiding Principles for ESG/sustainable funds (asset management) **What:** On 16 November, the FCA published [findings](#) of its review as to how UK authorised fund managers (AFMs) had adopted the FCA’s Guiding Principles for the sector, as set out in a “Dear Chair” letter from July 2021 (see our summary [here](#).)

 **Key details:** The FCA reviewed 12 AFMs of varying sizes, managing authorised retail funds (both active and passive) that included a reference to ESG and/or sustainability-related terms in their name.

In general the FCA is happy that AFMs are showing intent to follow the Guiding Principles and it has identified good practice – however it also found areas for improvement, such as:

- Clarity of disclosures
- Governance and oversight arrangements
- Stewardship programmes – including evidencing progress from such activities
- Reconciling fund and firm level ESG disclosures

The UK is still eagerly awaiting the FCA’s final rules following the consultation paper on Sustainability Disclosure Requirements (SDR) and investment labels from October 2022 (CP22/20 - see our summary [here](#)). The SDR and investment labels rules are due in Q4 and once introduced they will create higher standards for ESG and sustainable funds in the UK.

For further on the FCA’s findings – see our detailed [note](#).

2. UK corporate governance update (multi-sector)

 **What:** The Financial Reporting Council (FRC) published a consultation on a revised Corporate Governance Code in the summer. On 7 November, the FRC released a [statement](#) confirming that they would not proceed with the large majority of the amendments, this included a provision which would have brought ESG reporting within the scope of the audit committee. In October, the government also [withdrew a new set of regulations](#) which would have required additional disclosures in the accounts of large companies.

Both of these developments can be linked to the concern expressed by companies/industry bodies in response to consultations on the increasing burden of a growing set of reporting requirements. Feedback the government received on a call for evidence on non-financial reporting showed a desire from businesses to simplify and streamline reporting requirements. Read more about this update in our insights article [here](#).

MENA DEVELOPMENTS

1. COP28 Presidency Report: Tripling Renewable Power (multi-sector)

-  **What:** The COP28 Presidency, International Renewable Energy Agency (IRENA) and the Global Renewables Alliance (GRA) published a report with [recommendations](#) to triple renewable power generation capacity and double the energy efficiency improvement rate by 2030.
-  **Key details:** The report signposts that global renewable power generation capacity will need to triple by 2030 and energy efficiency improvements must double by 2030 to remain on a 1.5°C pathway. The report also emphasises the need for structural change to meet these goals that goes above and beyond simple policy and fiscal measures. For example, it calls for the organisational structures of power sectors to be reshaped to integrate a higher share of renewables. The recommendations require mobilisation of public and private financing and international cooperation. It remains to be seen whether COP28 which is due to get started in Dubai is less than 10 days, will help make progress on some of these recommendations.

APAC DEVELOPMENTS

1. Hong Kong ESG Ratings and Data Products Providers Voluntary Code of Conduct (ESG ratings and data services)

-  **What:** On 31 October, the Hong Kong Securities and Futures Commission (SFC) [announced](#) it will sponsor the development of a working group to develop a Voluntary Code of Conduct (VCoC) for ESG data and ratings providers. The VCoC will be an industry-led initiative and will aim to be globally consistent and interoperable, building on the [recommendations](#) of the International Organisation of Securities Commissions (IOSCO). The announcement also included news that the International Capital Market Association (ICMA) will act as the Secretariat of the working group and an indicative timeline aiming for a draft VCoC published for consultation in Q1 2024.

AMERICAS DEVELOPMENTS

1. Brazil adopts the ISSB disclosure standards (multi-sector)

 **What:** The Brazilian Ministry of Finance and the Comissão de Valores Mobiliários (CVM) have [announced](#) that the International Sustainability Standards Board's (ISSB) IFRS Sustainability Disclosure Standards will be incorporated into the Brazilian regulatory framework.

The rules will apply on a voluntary basis for public-listed companies, investment funds and securitisation companies as of 2024 and on a mandatory basis for public-listed companies as of 2026.

 **Our view:** Brazil's adoption of the ISSB standards is just one in a series of countries adopting the new standards, suggesting that a global baseline for sustainability disclosures may yet be achievable. If you're looking to understand the difference between ISSB disclosure standards and the TCFD/TNFD frameworks, [check out our new tool](#) that does just that!

2. U.S. federal bank regulatory agencies issue principles for climate-related financial risk management (financial institutions)

 **What:** On 24 October, three U.S. federal bank regulatory agencies [jointly published](#) principles that provide a high-level framework for the safe and sound management of exposures to climate-related financial risks for large financial institutions.

The [high-level principles](#) cover six areas: governance; policies, procedures, and limits; strategic planning; risk management; data, risk measurement, and reporting; and scenario analysis. The final principles describe how climate-related financial risks can be addressed in the management of traditional risk areas.

Notably, the regulators were explicit in stating that the principles “neither prohibit nor discourage financial institutions from providing banking services to customers of any specific class or type”. Given the anti-ESG backlash in the U.S., there is a sensitivity of regulatory overreach when it comes to sustainability regulation.

ESG DISPUTES ROUND-UP

In addition to this month's disputes round-up, we have had two [ESG Disputes Radar](#) briefings this month (so far!):

- The first [biodiversity claim](#) using a criminal complaint based on anti-money laundering regulations has been filed with the French National Prosecutor's Office. It was filed by a Sherpa, an activist NGO, against BNP Paribas, Crédit Agricole, BPCE and Axa.
- According to a [press release](#) from ClientEarth, the UK Court of Appeal has refused their application for permission to appeal the High Court's decision rejecting their ground-breaking application (as a minority shareholder) for a climate-related derivative action against the directors of Shell.

Other notable mentions, before we dive into our main disputes stories this month, include:

- In the US, the state of New York has issued the latest [claim](#) trying to hold a company to account over its environmental impact – this time against PepsiCo for plastic pollution.
- An [application](#) for pre-action disclosure against ANZ has been made by one of its shareholders on the basis that she is concerned the bank may not be properly managing the twin risks of climate change and biodiversity loss.

1. Shell issues claim against Greenpeace (multi-sector)

 **What:** In one of the [largest claims filed](#) against Greenpeace, Shell is suing the environmental group for at least \$2.1m in damages. The claim arises from the occupation by Greenpeace protesters of a vessel in the Atlantic Ocean for 13 days in February 2023. The vessel was transporting a Shell floating platform (FPSO) to Shell's Penguins oilfield, north-east of the Shetland Islands. Fluor, which built the FPSO, is also bringing the claim. The damages sought reflect, *inter alia*, the legal costs of securing two injunctions against the protesters, shipping delays and security expenses.

After Shell had informed Greenpeace in February this year of its intention to file a claim, the court had granted time for the parties to negotiate a settlement. Shell offered to reduce its claim to \$1.4m if Greenpeace agreed not to protest in the future at any Shell asset globally, whether at sea or in port; however, Greenpeace rejected the offer, stating that it would only agree if Shell complied with the 2021 ruling handed down in the Netherlands requiring Shell to cut all its emissions by 45 per cent by 2030. Shell is appealing that ruling.

 **Our view:** Despite previous actions brought by oil majors against Greenpeace, the size of Shell's action is unprecedented. Shell has commented that it respects the right to protest but it "*must be done safely and lawfully*". These types of claims demonstrate the willingness of those companies at the receiving end of ESG activist legal actions to push back.

2. Another challenge to the UK government's climate strategy (multi-sector)

 **What:** A disability rights activist, a campaigner trying to save his home and Friends of the Earth, have together issued a [public law challenge](#) to the UK's National Adaptation Programme 3 (or NAP3) – the first of its kind in the UK. The claim is based on legal compliance with section 58 of the Climate Change Act 2008, and breaches of human rights.

Under the Climate Change Act 2008, the government is required to produce a National Adaptation Programme every five years, with the latest, NAP3, published July 2023. The programmes should set out adaptation objectives, with plans and policies for meeting them, to protect communities in the UK from the impacts of climate change, such as extreme heat, flooding and coastal erosion. However, each programme produced so far has faced criticism from climate experts.

The claimants allege that NAP3 is unlawful on the grounds that it breaches the Climate Change Act for failing to set out lawful ‘adaptation objectives’ and for failing to consider and publish an assessment of the risks to delivery of the plans and policies included. In addition, the two individual claimants allege NAP3 is so deficient it breaches their human rights to life (Article 2), home (Article 8) and possessions (A1P1), and discriminates against them on account of their vulnerable situations (Article 14).

 **Our view:** This is the latest in a series of claims seeking to place responsibility for climate change on states, and adds to the increasing pressure being placed on the UK government deliver on its climate change commitments.

3. Legal complaint filed against Coca-Cola, Nestlé and Danone for misleading claims about recycling (multi-sector)

 **What:** The Bureau Européen des Unions de Consommateurs (BEUC), supported by the Environmental Coalition on Standards (ECOS) and ClientEarth, has filed a [legal complaint](#) to the European Commission regarding Coca-Cola, Nestlé and Danone. The complaint, known as an ‘external alert’, alleges that the three food and drink giants are infringing consumer protection law by making misleading claims about recycling.

The BEUC claims that the recycling statements on plastic water bottles sold across Europe, such as ‘100% recyclable’ and ‘100% recycled’ are too vague, inaccurate and/or insufficiently substantiated and that the use of green logos and images mislead consumers into believing the products are environmentally friendly. BEUC say that bottles in the EU are never entirely from recycled plastic and, according to ClientEarth, only around 9% of plastic ever produced has actually been recycled. The BEUC also argues that the claims mislead consumers into believing that using single-use bottles is a sustainable choice, which is not the case - the more sustainable options would be to use a refillable bottle and drink tap water.

An ‘external alert’ allows designated entities (such as BEUC) to submit complaints to the Consumer Protection Cooperation network and the European Commission when they suspect an infringement of consumer protection law - it is now for the European Commission to respond.

 **Our view:** This is the latest in a long line of greenwashing actions with regards to advertising, and could have significant repercussions if upheld by the European Commission.

4. EU court again rules against Chemours on ‘forever chemicals’ (multi-sector)

 **What:** On 9 November the European Court of Justice (ECJ) [ruled](#) in favour of the European Chemicals Agency (ECHA) in an appeal from chemicals company Chemours Netherlands against the identification of ‘GenX’ chemicals as a ‘substance of very high concern’.

 **Key details:** In 2019, Client Earth partnered with CHEM TRUST to support the ECHA in its [case](#) against Chemours on the grounds GenX chemicals were on the list of substances of high concern. GenX belongs to a group of per-and polyfluoroalkyl substances (PFAS) known as “forever chemicals” because they are

indestructible and can accumulate in the environment over time. The judge upheld ECHA's decision to include GenX chemicals on the list, resulting in GenX chemicals remaining as a substance designated as very high concern.

 **Key observations:** GenX chemicals have been [linked](#) to a range of harmful effects for humans and wildlife and toxicity in rats and human organs. The outcome of this decision indicates a move toward a potential call to ban all PFAS to prevent contamination of the environment and future generations and further indicates that industries using PFAS should be exploring alternative substances.

ESG CONSULTATION ROUND-UP

Some notable ESG policy consultations in flight across the globe that are currently open for comment. Engagement is a great opportunity to influence the direction of travel for ESG matters.

1. Singapore's MAS consults on transition planning guidelines (financial institutions)

 **What:** The Monetary Authority of Singapore (MAS) has released three consultation papers on Transition Planning Guidelines for [banks](#), [asset managers](#) and [insurers](#) (The Guidelines). The Guidelines set out the expectation for financial institutions to have a sound transition planning process to enable effective climate change mitigation and adaptation measures by their customers in the global transition to a net zero economy and the expected physical effects of climate change.

What's interesting to note is that MAS emphasises, that environmental risks beyond climate should be factored into transition planning "given the inter-dependencies between climate and nature". It also highlights the "trade-offs in terms of environmental degradation arising from the pursuit of climate solutions" as something to be considered. Read more on our insights article [here](#).

 **Timing:** The deadline for submission is 18 December 2023 and submissions can be made [here](#).

2. UK greenhouse gas emissions reporting: Scope 3 emissions (multi-sector)

 **What:** On 19 October, the UK Department for Energy Security and Net Zero published a [call for evidence](#) on the "costs, benefits and practicalities of Scope 3 greenhouse gas emissions reporting in the UK".

 **Key details:** Some of the largest organisations in the UK are currently required to disclose their Scope 1 and Scope 2 emissions in their annual reports in line with the [Streamlined Energy and Carbon Reporting](#) (SECR) framework, but Scope 3 emissions remain largely voluntary. The new International Sustainability Standards Board's (ISSB) sustainability-related disclosure standards include requirements for entities to report their Scope 1, Scope 2 and Scope 3 greenhouse gas emissions. The UK government is seeking views on:

- the costs, benefits and practicalities of Scope 3 greenhouse gas emissions reporting to help inform the government's decision on whether to endorse the ISSB standards in the UK; and
- the current SECR framework to inform a Post-Implementation Review of the policy.

 **Timing:** the call for evidence closes on 14 December 2023

3. UK Transition Plan Taskforce (TPT) consults on "deep dive" sector guidance (multi-sector)

 **What:** In the last edition of ESG View, we flagged that the TPT had issued its final sector-agnostic transition plan disclosure framework. As mentioned last month, it has now published seven pieces of [Sector Deep Dive guidance](#) for consultation. The Sector Deep Dive guidance covers: Asset Managers, Asset Owners, Banks, Food & Beverage, Electric Utilities & Power Generators, Metals & Mining, and Oil & Gas.

 **Key details:** The “deep dive” sectoral guidance adds further depth to the existing Disclosure Framework and guidance for firms operating in the relevant sectors. The sectors were chosen given each sector’s GHG emissions, its need for additional transition finance in the UK context, and the quality of existing guidance available in the market. The guidance is intended to help preparers to interpret the disclosure framework for their specific sector.

 **Next steps:** The consultation is open until 29 December 2023.

4. Australian Sustainability Reporting Standards – Disclosure of Climate-related Financial Information (multi sector)

 **What:** On 23 October, the Australian Accounting Standards Board (AASB) released proposals for climate-related financial disclosures in its Exposure Draft ([ED SR1](#)).

 **Key details:** ED SR1 includes three draft Australian Sustainability Reporting Standards (ASRS Standards) which have been developed using the International Sustainability Standards Board’s (ISSB) sustainability disclosures released in June (see [July ESG view](#) for details). The ASRS Standards include: ASRS 1 for general requirements of climate related financial information; aligned with the [IFRS S1](#) and ASRD 2 for the climate related financial disclosures; aligned with [IFRS S2](#). While the standards are intended to align with ISSB, the references to ‘sustainability’ in ASRS 1 have been replaced with ‘climate’ as the AASB is proposing to limit the scope of disclosure to being climate related financial disclosures only. ASRS 2 would be limited to climate related risks, with opportunities limited to climate change.

 **Next steps:** The draft standards are out for consultation until 1 March 2024. Firms can respond to the consultation by submitting a comment letter on the [AASB website](#); completing an [online survey](#) or attending a roundtable discussion, to be announced in due course.

5. Australian Treasury consults on sustainable finance strategy (financial institutions)

 **What:** On 2 November the Australian Treasury issued a [consultation](#) on its sustainable finance strategy which aims to help the country meet its net zero ambitions, by ensuring financial markets are equipped to finance the transition.

 **Key details:** The strategy is structured in three key pillars, comprising:

- Pillar 1: Focused on improving transparency on climate and sustainability and developing a sustainable finance taxonomy. This includes developing a labelling system for investment products marketed as sustainable.
- Pillar 2: Targets the bolstering of financial system capabilities by identifying and responding to risks, enhancing market supervision and enforcement and ensuring regulatory frameworks are fit for purpose.
- Pillar 3: Promoting international alignment while positioning Australia as a leading global sustainability leader. This part of the strategy focuses on Australian government leadership and engagement, including the issuing of sovereign green bonds from mid-2024.

 **Next steps:** The consultation signals a move toward new rules around sustainability which will likely be coupled with increasing regulatory oversight. The consultation is open for comments until 1 December.

LATEST SIMMONS ESG INSIGHTS

Past Webinars – Watch on demand

- [Insuring the Future: ESG risks](#)
- [Taking the temperature on ESG regulation:](#)
 - [Taskforce on Nature-related Financial Disclosures \(TNFD\)](#) - nature and biodiversity on the agenda for financial services.
 - [The EU's Corporate Sustainability Due Diligence Directive \(CS3D\)](#) - beyond disclosure: how could this initiative impact firms?
 - [Taskforce on Climate-related Financial Disclosure \(TCFD\) under the FCA Rules](#) - What can “phase 2” firms learn from “phase 1” implementation?
 - [EU Corporate Sustainability Reporting Directive \(CSRD\) and Taxonomy disclosures](#) for banks, investment firms and asset managers
 - [International Sustainability Standards Board \(ISSB\)](#) - adoption in the UK and beyond
 - [Sustainable Finance Disclosure Regulation \(SFDR\)](#) – taking stock after 2.5 years and what’s on the horizon
 - [ESG ratings](#) – UK and EU regulation proposals

Recent Publications

- [Commission Taxonomy Regulation Notices published in the OJ](#) (25 October 2023)
- [French Duty of Vigilance: Litigation Tracker](#) (30 October 2023)
- [CMA publishes final Green Agreements Guidance](#) (31 October 2023)
- [Capital allowances and windfarms](#) (31 October 2023)
- [Dutch regulator AFM publishes position paper on improving SFDR](#) (06 November 2023)
- [Singapore Monetary Authority consults the public on net zero economy](#) (09 November 2023)
- [GreenTech Fund 2023](#) (13 November 2023)
- [A sustainability state of mind: unlocking growth and profit](#) (16 November 2023)
- [UK Corporate Governance - autumn 2023 update](#) (20 November 2023)
- [Guiding Principles for ESG/sustainable investment funds – FCA findings](#) (20 November 2023)

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Our ESG approach is not to have an ESG practice but to adopt an integrated, holistic, cross-discipline approach so that we can combine ESG experts and deep technical knowledge with product/business line expertise.

If you need help understanding the current and upcoming ESG legislative and regulatory landscape or your supply chain obligations or supply chain best practice, or you would like assistance in mitigating your supply chain risk, we can help.



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